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BY THE HOUSE OF DELEGATES.

MAY 17th, 1853.

Read and ordered to be printed.

# COMMUNICATION

ADDRESSED TO THE

# GOVERNOR OF MARYLAND

BY THE

## President of the Balt. and Susq. Railroad Co.

AND SUBMITTED TO THE

# HOUSE OF DELEGATES.

ANNAPOLIS:
THOS. E. MARTIN, PRINTER.
MDCCCLIII.

EXECUTIVE DEPARTMENT.

ANNAPOLIS, May 17th, 1853.

*To the House of Delegates:*

GENTLEMEN:—

In compliance with your order of the 14th instant, I herewith transmit a copy of the communication addressed to me by the President of the Baltimore and Susquehanna Railroad Company, of date December 15th, 1852.

E. LOUIS LOWE.

# COMMUNICATION.

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Office of the Balt. and Sus. Railroad Company,
*Baltimore*, 15*th December*, 1852.

*To His Excellency*,
E. Louis Lowe,
*Governor of Maryland:*

Sir:—I have had the honor to receive the communication of Thos. H. O'Neal, Esq., Secretary of State, dated 13th instant, requesting that I should forward to you by return mail, the last annual report of this Company, and also that I should at my earliest practicable convenience furnish you with the general data of the operations of the Company from the closing of its last fiscal year, say to the 1st instant. Mr. O'Neal further says that you particularly wish to know what are the future prospects of the Company in relation to its indebtedness to the State, the condition of the works, the amount of transportation, gross and net income, &c., &c.

Mr. O'Neal's letter did not reach me until late last evening, which will I trust excuse me from any seeming neglect in not having given it earlier attention.

The annual report to which Mr. O'Neal refers is no doubt, one embracing the operations of the Compay for its fiscal year ending 30th September last, and I regret to say that the report is not yet prepared.

For the two past years the annual report has been dated on the 24th December, and I presume that the report relating to the last fiscal year may be prepared in time to bear the same date this year. This is, however, a matter which, as I conceived, belonged of right to the late President of the Company. His connection with the Company, in that relationship, continued until the close of the last fiscal year, and I have thought it right, that he should prepare the annual report, as he might desire to present certain views with regard to the operations of the Company, and his administration of its affairs unknown to me, and which justice might require he should have an opportunity to present.

I am, however, able to transmit you herewith the tables intended to accompany the annual report, exhibiting the financial condition of the Company on the 30th September last, as well as its general operations, so far as these are indicated by receipts and disbursements from the opening of the road. Table No. 1, shows the general operations of the Company to the close of the last fiscal year, and presents the following prominent facts:

## RECEIPTS.

| | |
|---|---|
| From all sources since its incorporation..... | $5,241,787 87 |
| Of which from net transportation the sum of.. | 993,309 57 |

## EXPENDITURES.

| | | | |
|---|---|---|---|
| From construction of Road from Baltimore to York..... | | | $2,733,998 46 |
| From depots, water stations, &c..... | | | 124,909 44 |
| From locomotives and cars..... | | | 358,885 45 |
| From stock in the Wrightsville, York & Gettysburg Railroad Company..... | | | 125,765 37 |
| From interest paid to the State during the last fiscal year of the company..... ... | | | 78,230 68 |
| From interest and discount paid by the company since its incorporation, and prior to the last fiscal year..... ..... | | | 1,635,206 05 |
| Table No. 2 exhibits the gross receipts and expenditures of the Company for the last fiscal year, and shows the gross receipts from transportation to have been..... | | | 383,178 55 |
| And the gross expenditures on the same account to have been..... | | | 295,169 94 |
| It also shows the expenditures of a permanent character, which have been made during the last fiscal year, to have been: | | | |
| For construction..... | | | 3,612 63 |
| For York station..... | | | 736 71 |
| For improvement of depots..... | | | 10,892 01 |
| For new bridges..... | | | 10,388 24 |
| For 200 tons railway iron..... | | | 9,183 85 |
| | | | $34,813 44 |
| Table No. 3 exhibits in detail the receipts of the company from transportation and its expenditures on this account, during the last fiscal year, showing the receipts from our road proper to have been..... | | | 332,900 55 |
| From the Wrightsville road, | | $40,904 59 | |
| Less tolls paid that road..... | $28,302 60 | | |
| Less tolls Columbia bridge..... | 5,729 76 | | |
| | | 34,032 36 | 6,872 23 |

| | |
|---|---|
| From York and Cumberland Road..... | 18,352 20 |
| From Hanover branch ..... | 1,021 21 |
| Total..... | $349,146 19 |
| And the expenditures under various heads, detailed but all attaching to transportation.... | 261,137 58 |
| Leaving for the year a net gain from transportation..... | $88,008 61 |

Table No. 4 exhibits the receipts and disbursements under the loan of $150,000, authorised by the State for the purpose of increasing the working stock, engines and cars, of the Company.

These tables, when compared with those accompanying the annual report of this Company for it fiscal year closing the 30th September, 1851, present the following points of difference :

The receipts of the Company during that year, made up as in my statement above, were $314,392 16 ; and there was consequently an increase in the gross receipts, from transportation in the last fiscal year, of something like $38,000.

The expenditures of the Company on account of transportation for the year ending 30th September, 1851, were $193,418 28 ; and there was consequently an increase in the expenditures of the Company on this account, during its last fiscal year, of about $68,000.

The amount of tonnage which passed over our road, up and down, during the last fiscal year, was.....453,460,413 pounds.
In the fiscal year closing 30th Sept. 1851..446,526,361 pounds.

Showing the small increase of only..... 6,934,052 pounds.

It will be perceived that although the increase in the tonnage passing over the road is so small as compared with last year, the increase in the receipts of the Company as compared with the increase of tonnage is very satisfactory; for although the receipts of the Company increased in the fiscal year ending 30th September, 1851, over the preceding year some $65,000, the increase of tonnage during the same period, consequent upon the opening of the York and Cumberland road, was upwards of 84,000,000 pounds.

The greater relative increase of the revenues of the Company for the past year, with reference to the increase of tonnage, arose from a modification of the toll sheet enforced within the last fiscal year, and a change in the policy of the Company, which has thrown into the hands of the Company, through the employment of its own stock, the profits of transportation over the road, previously in a great measure monopolized by the owners of private cars.

As succinctly as some haste has permitted, the operations of the Company, for the fiscal year ending on the 30th September last, have been placed before you, and in such form I trust as may serve the purpose for which it was designed.

With regard to the condition of the road, it may be stated that during the period embracing the last fiscal year of the Company, and so much of the present fiscal year as has transpired, 400 tons of new rails have been laid down; 200 tons more have been purchased, and it is hoped will be received in time to be laid down before winter sets in. By placing upon the road the 200 tons of new rails, now contracted for, and by having re-rolled the old rails displaced by them, it is hoped that, unless it shall be determined to increase the line of the track by sidelings or doubling it, it may not be necessary to make any further purchases of new rails.

From the investigations made it is believed that the general condition of our road is now better than it has been for some years past.

The remaining stock of the Company is generally in good condition. Some of our old locomotive might perhaps be re-placed with advantage to the interest of the Company, with others of more power. During the last fiscal year of the Company ending 30th September, six new locomotives were purchased, and large additions made to our car stock. Since the commencement of the present fiscal year one other new locomotive has been purchased, and one is re-building in the shops of the Company.

Notwithstanding the addition to the stock of the Company it is a source of great satisfaction to be enabled to state, that it is now employed to its full capacity, a state of things due, in a great degree, to the opening of a new business, to the line of road between this city and Harrisburg consequent upon the completion of that section of the Pennsylvania Railroad lying between Pittsburg and the Allegany Mountains. The completion of this road has presented to Baltimore the first through communication she has ever had by Railroad with the great thoroughfares of western trade and travel. With her Railroads now offering a continuous chain as far down as Cincinnatti and her western tributaries in that direction, and stretching by the way of Cleveland, with the exception of the line between that city and Toledo, now made by steamers, far away into the northwest to Detroit and Chicago; with her rivers opening to us access to that great trade arising along many thousand of river coast, which, since the introduction of steam, has naturally sought an outlet at New Orleans, and served to constitute that city, for gross produce, the greatest exporting mart in the world.

Baltimore, before the introduction of steam, participated to some extent in the benefits of a western connexion, even at that early day deemed of great importance, and imparting a strong impulse to her growth. She was deprived of it by steam; by

steam it is now restored to her again; and if this connection, even thirty years or more ago was esteemed of almost vital importance to her, how shall we now estimate it when these thirty years have added many millions to its wealth. And shall we not consider this great city—great now—and what she is to be in a few years under the tremendous impulse to be imparted by the many important connections she is opening, north, south and west, it is scarcely safe to predict. Shall we not consider this great city as the mart of our State, with whose every pulsation vibrate health or disease through all its veins to the remotest extremity. As some slight indication of the great importance to the city of Baltimore, as well as to this Company, of the new trade opened to us through the Pennsylvania Railroad, it may be stated that the income of the Baltimore and Susquehanna Railroad shows an increase for the months of October and November of the present year, over the corresponding months of last year of $3,661.11 from passengers, and $9,575,59 from freight, or a gross gain of $13,236.70 in two months; and it may be observed that this gain properly belongs to a shorter period even than two months, as our connection with Pittsburg through the Pennsylvania Railroad was not opened until the 20th November.

Mr. O'Neal says that you particularly wish to know what are the future prospects of the Company, in relation to its indebtedness to the State.

This is a wide question, and more time than can now be given to it would be desirable, but I have formed certain opinions and views upon the subject, which I shall not hesitate to lay before you, and to invoke for them your kind consideration.

To premise, it is my belief that the past fiscal year of the Company may have been the turning point in its destiny. In support of this view, the change in the policy of the Company by taking to itself the profits of transportation instead of leaving them to be monopolized by private car owners; the modification of its toll sheet, by an advance of rates upon its way business, the advent of an entirely new source of revenue during the winter months, through the connection with Pittsburg, to which I have hereinbefore adverted, and the natural growth of those sources of revenue heretofore open to the Company may be cited. It may be proper to state also, that when I took charge of the Presidency of the Company there was in existence, between it and the Wrightsville, York and Gettysburg Railroad Company, a contract entered into in the year 1839, and which I considered exceedingly unjust and onerous towards this Company. Without loss of time an effort was made to annul this contract, and to substitute for it one less onerous towards this Company. This effort was, I am happy to say, successful so far as the annulling of the old contract, and the making of a new one, less onerous it is believed to this Company, but one not considered perfectly equitable. There was,

however, involved in the matter a choice of evils, and it is thought that by the election of the lesser, the revenues of this Company, from its connection with that road, will be somewhat increased. A condition of the contract with the Wrightsville, York and Gettysburg Railroad Company, is that it should issue to this Company its bonds bearing six per cent. interest, and payable in fifteen years, for the amount of its indebtness to this Company. Of these bonds $100,000 have been received and are available to this Company.

The true policy of this Company in working the York and Cumberland Railroad—a very important connection—is believed to be to seek a simple indemnity for the actual cost to this Company of running its stock over that road; but there is little doubt that the contract, now in existence between the two Companies, has involved loss to this Company. The subject of a new contract is now up before the Boards of the two Companies, and it is hoped their deliberations will result in an adjustment, according to this Company all that it seeks—a simple indemnity. These subjects —the contract between this Company and the Wrightsville, York and Gettysburg Railroad Company, and the contract between this Company and the York and Cumberland Railroad Company—have been referred to as other sources in addition to those previously named, from which this Company might expect some additional revenue. Believing then that the revenues of the Company may be expected to increase considerably during the present fiscal year, it is my opinion that the turning point in the destiny of the Company has been reached, and there is certainly a resemblance of a basis for an earnest hope that the Company might hereafter be enabled to fulfil its engagements to the State, as to the payment of the yearly interest, if no more.

The opinion I have expressed of the future ability of the road to meet its engagements to the State, pre-supposes that no extended improvements or enlargement of its capacity be proposed. It is, however, my belief that the present capacity of the Baltimore and Susquehanna Railroad is by no means adapted to commensurate with its destiny. Even for the accommodation of the business which will reach it from its present connections, under its natural increase, the present capacity of the road would in a very few years be found utterly inadequate. But it is known to you that the Susquehanna Railroad, running up the valley of the Susquehanna, and extending from Bridgeport on the south, the present terminus of the York and Cumberland Railroad, to Williamsport on the north, is now under contract, and will in the course of a year or two, present to us a connection throughout its whole length with the western slope of those great Pennsylvania Coal Fields, which, from their eastern slope, now furnish to the Reading Railroad, and the Canal by its side, many millions of tons of coal, and which in its distribution gives employment to an amount

of tonnage greater than that employed in the foreign trade of the port of New York; which gave to the Reading Railroad for its last fiscal year, a gross income of over two millions of dollars, and enabled it to pay six per cent. upon the enormous cost of the road—seventeen millions of dollars for ninety-one miles. The Reading Railroad Company, with a wise foresight, did not await a practical demonstration of its incapacity to accommodate the vast amount of transportation now passing over it; but when its transportation had reached and somewhat exceeded 400,000 tons it laid down a double track. With a foreknowledge that from Dauphin, from Lykens Valley, from Treverton, from Shamokin, from all the Wilksbarre region, millions of tons of coal are only awaiting an outlet to pour themselves into the shipping at our wharves, and bringing along with them all the concomitant advantages attending the accession to our city of the capital and personnel required in the moving of this vast amount of business, and which advantages are to be spread abroad from this great heart of our State through every vein, furnishing to the husbandman, to the mechanic and manufacturer, an enlarged market and increased prices for the products of their labor; to the merchant and capitalist extended means to be employed in the opening of new channels of trade—new sources of wealth, greatness and prosperity to our city, and through it to the State. With the foreknowledge that this outlet is about to be furnished by the extension of the Susquehanna Railroad up the valley of the Susquehanna; shall we be less provident than the Reading Railroad Company; less alive to the great interests of this city and of our State, than was that Company to the interests of our sister city. I trust not; and had I failed to present these views to you, in the hope that you will commend them to the favorable consideration of the Legislature, it would have been dereliction from an imperative duty, which attaches to me as a guardian, in however humble a sphere, of the interests of our city and State, as well as those of the stockholders of this Company.

Having presented to you a view of the immense trade to which the Baltimore and Susquehanna Railroad Company may justly look forward—leaving entirely out of sight the great accession to travel over the line of our roads, from the proposed junction with the New York and Erie Railroad at Elmira, which placing Baltimore thirty miles nearer to Buffalo than the city of New York, will give us a connection with that city in ten hours—and invited your attention to the necessity of making provision to meet the demand for enlarged capacity in our road, which must infallibly arise therefrom, it may be supposed that I have given some reflection to the best mode of compassing these increased facilities and it may be expected that I should present some suggestions upon the subject.

In the first place then, it is manifest that to accommodate the

coal trade alone, to which I have referred, there must be made a double track from some point near the present southern terminus of our road to tide water; and that a double track should be laid down as soon as possible, throughout the entire length of our road from Baltimore to York; the track upon the York and Cumberland road must be doubled, and so also that upon the Susquehanna Railroad from Bridgeport north.

To do this money is of course required, and it becomes an important inquiry how this shall be had?

Two several courses of action, on the part of the State have presented themselves to me in connexion with this subject, either of which it seems to me would accomplish the object in view:

One—That the State should retire from its position as a preferred creditor of the Company, and leave it at perfect liberty to use its credit to such extent as might be necessary to accomplish the purpose proposed, with power to confer priority upon its new indebtedness; the State reserving to itself the next place in the obligations of the Company, after full provision should be made for such new creditors.

The other, which it is believed would ultimately prove of greater advantage to the State, although less acceptable to the private stockholders, that the State should, for the whole amount of the Company's present indebtedness, place itself in the relationship to the Company of a simple stockholder, which would, as in the former case, leave the Company in the free use of its credit, and with power to confer priority upon any new creditors.

In conclusion I would state that this Company, under either alternative of the State's action, should be at liberty, if it prove necessary, to loan to the York and Cumberland and Susquehanna Railroad Companies such amount as might be required to enable them to lay down, within the shortest possible time, double tracks throughout the line of their respective roads, this being deemed important to the early realization of the advantages which are expected to flow from the enlarged capacity of our road.

Again invoking your favorable consideration for these views, and that you will kindly commend them to the earnest attention of the Legislature.

I have the honor to be,
Your Excellency's very ob't serv't,
ROBT. CLINTON WRIGHT,
*President.*